

1-1-1919

Pace Student, vol.4 no .6, May, 1919

Pace & Pace

Follow this and additional works at: https://egrove.olemiss.edu/acct_pace



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

Pace & Pace, "Pace Student, vol.4 no .6, May, 1919" (1919). *The Pace Student*. 45.
https://egrove.olemiss.edu/acct_pace/45

This Book is brought to you for free and open access by the Accounting Archive at eGrove. It has been accepted for inclusion in The Pace Student by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

The PACE STUDENT

Vol. IV

New York, May, 1919

No. 6



IT seems to me that this convention of representative lumber dealers will remain in your minds for a long while. It must long remain in your own minds as the turning point, or dividing point, between a commercial era that has gone into history and a commercial era that is just dawning.

In back of the routine business that you are taking care of—of all of these matters that are being handled with so much precision, so much good organization—there is undoubtedly the feeling in the mind of each business man here that the future is more or less an uncharted sea. He has the feeling that he is steering into something, the like of which he has never seen. We can talk as much as we please about encouraging the ownership of homes, and of carrying out the various things necessary to get back to a peace basis, but each of us, in his inner consciousness, is holding back somewhat in order to feel out the situation. And it is with that in mind, and the new era which confronts us, that I am going to take up this particular matter that has been assigned to me—The Selection of Business Associates and Employees. I shall even enlarge my subject in order to include the consideration of some of these future problems.

In times past, we have recognized that there are three essential things in a business organization, and just three. We have recognized that we have had to have facilities and equipment; that is to say, we have had to put money into the business to buy the land and incidental equipment that we used in the business enterprise. We have recognized also that we have had to have people to operate those facilities, or per-

sonnel; and during the last twenty years, we have recognized that we must have methods of work, procedures of one kind or another—the records for cost-finding and the formulation of proper work methods.

These have been the three things in successful organization—facilities, personnel, and methods; and of the three, the one that has principally engaged constructive thought in the pre-war period has been facilities—the development and use of equipment of one kind or another.

And we have gone through an era in which those things have been marvelously improved. Thought has been put on the development and installation of the right kind of mechanical things. We have seen the wonderful improvements in wood-working machinery, in mining equipment, in chemical processes, in transportation, and so on.

Then following close upon that has been the development of methods. This development—in the lumber industries, unfortunately, often lagging behind—is still in full swing. The story of its progress is a

long one, which I shall not attempt to tell.

All the way along this great development of equipment and methods, the matter of personnel has received but haphazard and incidental attention. Take any business organization, if you will, as an example. Think how the personnel has come together, by what haphazard methods! People are usually recruited at random, and paid whatever seems necessary, without regard to the ultimate success of the business. Think with what reluctance you now contemplate your own problems of personnel, the wage and bonus methods you must work out, the different things you feel must come into your business to keep it abreast of the times. We must all admit that

*New-Era
Organization*

*Summary
of Address
to National
Wholesale
Lumber
Dealers'
Association*

*By
Homer S.
Pace, C.P.A.*

LEADING ARTICLES

*New-Era Organization
Title-page*

*Equity in Management
Page 84*

*Decrease of Capital Stock
Page 86*

*Labor and Capital
Page 88*

*Average Due Date
Page 90*

*Coherent Expression
Page 92*

New-Era the inanimate things—facilities and
Organiza- methods of one kind and another—
tion have engaged our thought more
(Continued) than the living personnel that is
the real organization.

The
PACE STUDENT
May, 1919

The ordinary business organization is an aggregation of people. Despite its need for suitable equipment and modern methods, its chief need is for trained and able men and women—associates and employees who can buy intelligently and economically, who can raise needed capital, who can manage effectively, and who can sell at a profit. Business, like war, is, in the last analysis, a matter of men—well selected, well trained, interested, effective men. And men—the workers who constitute the great personnel body of commerce and industry—are, the world over, in a state of unrest, of protest against the methods of employment and compensation that we have all used in the commercial era that has just closed.

Now, I confess that I sometimes long for some of the old conditions. The labor conditions, even the taxes, of yesterday look good to us now. But the plain fact is, we are not going to have those conditions again. We are in a new era, and the men who succeed in this new era are the men who can lay hold of the tools and conditions of this era and use them effectively. And the outstanding problem, the chief new thing to grapple with, is this matter of selecting and training and satisfying personnel.

Therefore, we have a highly important topic to talk about. What can I tell you about personnel in a few minutes that will be of use to you?

First of all, as organizers or business men, we must study the jobs in the organization. We must figure out what the jobs require, the various types of men and women who will best fill them, and the methods of compensation that will keep the workers productively at work.

In respect to the kinds of jobs, one fundamental distinction to keep in mind is the difference between doing a thing in your own person, and getting it done by another person. The executive—the superintendent or manager—is a man who should work through others. He is a man of action, a man who should keep his desk clear and things moving. The buyer, the salesman, the chemist, the scaler, the mechanic, actually produce in their own persons. When a man's personal production is high, we often promote him to management, even though he lacks ability to direct others. Mistakes of this kind are costly, and result in dissatisfaction.

Many positions require both personal production and executiveness—the sales manager often

sells as well as directs, the working foreman lends a hand while directing his gang, and so on. Good organization requires that every job should be studied and its requirements defined, and that men should then be selected, trained, promoted, and rewarded with the job's requirements in mind.

In this study, you will note that your business has an intake for the inflow of merchandise or materials that you buy; and it has an outlet, through which pass the goods that you sell. You must remember that the buying function is different from the selling function. The salesman who endeavors to induce other persons to buy products, first, last, and all the time, very rarely buys well for himself or for his firm, as you have often observed. So we choose, for the salesman, the man who believes in liberal buying. We choose, for the buying end of a business, the man who holds the opposite view—a man who figures down to the penny, who holds back from buying, who is skeptical about buying, who has a different attitude of mind from the person who sells.

You will note further, that the best credit man is apt to sit tight and interpret many things from a conservative or even pessimistic viewpoint. And together with the optimistic salesman and the conservative buyers and credit men we shall find that we need the manager—the man who directs and who pushes production along according to schedule.

We nearly always find, when we get up to the partners and the chief officers, that they are not brought together or developed with the idea of supporting each other. You will find duplication of personalities, you will find a leaning in the executive staff toward promotion or selling, a leaning in the other direction—an excess of conservation. The effective organization is the one which has in its principal positions specialists in various essential lines—buying, selling, managing. These able men support each other, and face out on their strong points to the public, and support each other inside of the organization on their weak points. If you get each of your able men meeting the public on the matter in which he is ablest, and his ability properly coördinated with the abilities of his associates on the inside of the circle, you will attain a state of organization that has been secured either scientifically or intuitively by practically every large and successful business. This is the real story of what Carnegie and Rockefeller did. They made the right selection of the parts of their organizations—facing each man out on his strong points to the outside world, and keeping

Biographical Snap Shots

Young Accountants Who Have Made Good



JEROME B. ROSS is a Pace graduate who has found that technical and executive training is the key that unlocks the door of business opportunity. Mr. Ross is the assistant treasurer of the United West Indies Corporation, with headquarters in New York City.

This company was organized about two years ago to grow castor beans in Haiti for the Aircraft Bureau, United States Government. The oil extracted from the castor bean is used as a lubricant for airplane motors. The company took over five thousand acres in Haiti, raised the beans, extracted the oil, and delivered it to the Government. Now that the war is over, it is probable that the company, which has strong financial backing, will be converted into an exporting and importing concern, doing business with all the West Indies.

Mr. Ross was born in Thompson, Conn., in 1884, and educated in the public schools of his native city and in the high school of Putnam, Conn., from which he graduated in 1902.

His first business position was as a stenographer and assistant bookkeeper with the New York firm of J. Dryfoos, petticoat manufacturers. After remaining with this firm for about a year, he had various bookkeeping and clerical positions with several different firms. From 1906 till 1907, he was secretary to Francis Jordan, secretary and manager of *The Thrift*. From 1907 till 1910, he was secretary and treasurer of J. N. H. Cornell & Company, railroad engineers.

Mr. Ross left this position, in 1910, to become confidential executive to Henry L. Batterman, head of H. Batterman Co., dry-goods merchants and retailers—a position which he filled till a few months ago, when he was elected assistant treasurer of the United West Indies Corporation.

Mr. Ross enrolled in the Brooklyn Institute of Accountancy (Pace Courses) in 1913 and graduated in 1915. He made a notable record as the kind of student that believes in developing his own thinking power—an attitude of mind which, supported by technical training, has been largely responsible for his success as an accountant and a business executive.



WHERE you go into one of Mr. Alfred I. Du Pont's large corporations on Fifth Avenue, you would find George Wyman Fay there as secretary and treasurer.

Mr. Fay spent one year at Amherst College in the study of the classics. He then went to Cornell and studied mechanical engineering. Here he was active in the Phi Gamma Delta Fraternity.

In 1912, the John Thompson Press Company, manufacturers of printing presses, engaged Mr. Fay to install their cost system, and for seven months he sold printing presses for this corporation. Wishing to get into the practice of Ac-

countancy, he then went to Boston and practised accounting for over two years with George A. Smith & Company.

When the war broke out, the Winchester Repeating Arms Company, New Haven, Connecticut, secured Mr. Fay to establish their costs, and to take charge of the government accounts for the British and United States Government contracts. Here Mr. Fay became acquainted with Mr. Weale, director of the Pace Courses at New Haven. Mr. Fay saw that the Pace Courses in Accountancy would increase his market value greatly. While at New Haven, he took up the Pace Accountancy Course, which has contributed in no small degree to his business development and success.

In June, 1918, the Merchants and Manufacturers Exchange, in the Grand Central Palace, selected Mr. Fay as their controller. In a short time he was advanced to assistant treasurer, and in January, 1919, he became secretary and treasurer of this strong organization. Mr. Alfred I. Du Pont purchased this corporation and linked it with his other interests. The Allied Industries Corporation, an export and import house, one of Mr. Du Pont's interests, reorganized. Mr. Du Pont, president of the Allied Industries Corporation, placed Mr. Fay in his present position as secretary and treasurer. Besides this, Mr. Fay is a director of the Allied Industries Corporation, secretary and treasurer of the All-American Association, which is a South American Trade Organization, and treasurer of the Grand Central Palace Company.

Advancement from a railroad clerkship to the treasurership of a series of large corporations at twenty-seven years of age seems phenomenal; yet Mr. Fay has made this record because of his ability to see opportunity and his preparation for opportunity whenever it presented itself.



JOSEPH B. HANF is a Pace graduate who has capitalized the results of his studies in terms of an increased ability to discharge executive responsibilities rapidly and effectively. Mr. Hanf is resident auditor for the United States Shipping Board at the Newburgh Shipyards, Newburgh, New York.

The Newburgh Shipyards employ three thousand five hundred men in the construction of standardized cargo freight boats of nine thousand tons. Four of these boats have already been launched, and several more are being built. In view of the development of foreign trade relations which the Government is expected to foster, it is highly probable that the Newburgh Shipyards will be engaged in shipbuilding on a large scale for many years to come.

Mr. Hanf's responsibilities as resident auditor may be easily imagined. It is not strange, though, that Mr. Hanf, in view of his business experience



MANAGEMENT,
like jurisprudence,
should have two
ways of adminis-
tering justice. One of these is
that which corresponds to the
law; the other is that which
corresponds to equity.

It will be recalled that one of the reasons for the equity system of justice was the inflexibility of the rules of law. It was to introduce this flexible element that equity courts were originally established. So it is in business. There may be established what would correspond to an equity court or system of justice. By this I mean that one or more individuals in authority would undertake to give relief from hardships arising from the too strict application of management rules.

It is not ordinarily found that a person capable of seeing that the rules are strictly observed is given to leniency. There is always an advantage in having a man charged with the responsibility for enforcing the rules who adopts a firm attitude. Such an individual is less inclined toward exceptions. The very nature of his attitude of mind precludes his exercising that leniency that circumstances may often warrant. So it is that many business managements have one person who sees to the absolute enforcement of rules, and another person who may take up appeals from their enforcement. This latter person comes less frequently in contact with the subordinates, but frequently enough to establish a feeling of good-will. The subordinate is made to feel that if the strict enforcement of a rule works a hardship, he may have redress by a consultation with this executive.

Apart from the fact that the mind of a person called upon to enforce rules, if efficient in so doing, is more or less inflexible, it is desirable that that person adopt this attitude. There should be a certainty that the rules he invokes are to be kept and followed under all conditions. This certainty is strengthened, if that person insists upon a uniform and consistent enforcement. Harsh though he may seem, the harshness is relieved to no little extent by the knowledge that there is always an appeal in a justifiable case.

Now it is not to be supposed that exceptions can be made indiscriminately or with lack of system. A person charged with the equity function should in turn have in mind the circumstances which justify the departure from the strict rule. Just as equity is a system, so the granting of relief in these cases should be a system.

Perhaps in the rules themselves there may be an element of equity. Take for example the rules concerning absence. To insure enforcement, certain penalties may be exacted, such as deductions from pay, or the loss of vacation. These may be tempered in one way or another. For example, the amounts collected from the fines, instead of going into the treasury of the organization, may be put into a welfare fund or other employees' fund. As to the vacations, there may be also granted certain extensions of vacations for those who display consistent promptness. Either the one or the other of these expedients becomes the more effective if suggested by the employees themselves. For example, the amount of the fines may be suggested by the employees' organization that is to receive them. Unquestionably, this will be just as effective in securing promptness, and at the same time will not cause the same resentment which placing the amount in the company's funds might cause.

Thus it is that various principles behind equity may be invoked in modern management. Rules there must be, and insistence upon following the rules must be had. But along with the rules and insistence should be a measure of elasticity which will insure fairness and tend to the promotion of the good-will of the subordinate.

EVEN a hole may be a thing of value. At least, the value of a hole is sometimes recognized by our wise courts. *Holes*

This matter of the value of a hole was brought up in a Washington class that I taught some years ago. At that time, a hotel was under construction in Washington—The New Arlington—which was never completed. The most that was done was the excavating. I told the class that certain mechanics' liens had been imposed upon the property by those engaged in the work. Immediately, a student asked me, "Of what use would it be to have a lien on a hole in the ground?" In a few words, I showed him that the work done had proved of value for subsequent building operations.

Some one then raised the point as to whether it was really a hole. He referred to a certain Irishman who was on the witness stand and was being questioned about an alleged "hole" that had caused an accident. To the surprise of all present, the Irishman replied that "there was no hole." His testimony was important, and the lawyer repeated the question with as many variations as a lawyer can usually create in the way of repetition. Finally, in despair, the lawyer said, "Now, Pat, think a moment. Are you posi-

tive that there was no hole in the ground?" "Positive," said Pat. "If I take my hat and put a knife through it, there is a hole, but if I take my hat and punch it with my fist, there is no hole, but a dent. There was a dent in the road, not a hole. You lawyer fellows can't catch me."

So, to relieve myself of the charge of inaccuracy, I proceeded to discuss *bona fide*, simon pure holes.

It was in a Pennsylvania case that a decision was handed down, giving title to a hole in the ground. The hole was a tunnel, and the person who owned the land desired to put an obstruction through the tunnel. This, the court ruled, would interfere with the other person's ownership of the hole. One party had the title to the land surrounding the hole, but the other party had title to the hole. Now, of course, a hole would be of no use unless the party had a way of going through the hole. Since he could not do so through the air, the court ruled that he had the right of way over the land surrounding the hole—presumably that at the bottom of the hole. Nevertheless, the main thing is that the court held that there could be title to a hole as distinguished from the land surrounding the hole.

Another instance of the value of a hole is a certain patent in connection with tabulating machines. The company employed a clever lawyer who secured a patent on the right to make holes in a card for use in their machines. It is admitted that the most valuable right that the company holds is this patent on the holes. Now a patent is an intangible thing, and our friend Webster says that "tangible" is from a Latin word, meaning "to touch." Thus an intangible property is one which is not capable of being touched. Certainly, a hole can not be touched. So it would seem that this company had an intangible right (a patent) in an intangible thing—a hole.

Many an efficiency expert has built his reputation, in part, on the advantage of a hole. Instead of long, tedious ways of getting material and other supplies from one floor to another, he has put a hole through the floor at a strategic point, which, with the attendant means of conveyance, saves time and labor. There is an advantage in efficient management in knowing how and when to use a hole.

In life almost everything has some use or value—even a hole.

Legal Uniformity ONE of the dangers which confront a man who has not made an intensive study of the law is the attempt to apply legal principles too broadly. The rulings of the courts in one

The PACE STUDENT

May, 1919

line of cases, on a certain subject, are by no means to be regarded as analogous to the rulings in another line of cases on the same subject.

Income is a subject upon which courts have frequently ruled. They have ruled upon income in estate cases, in cases involving the right of a corporation to declare dividends, in cases of conflict between preferred stockholders and common stockholders, in cases of participation by a city in the profits of a public-service corporation, and in a number of other cases. What the courts may consider "income" in any of these different cases is not to be regarded as a basis upon which to reach a conclusion as to income in other classes of cases. Each class of cases has distinctive rules on income determination.

Perhaps the accountant would prefer to have more uniformity in the law on this subject. The answer is that the business world lacks uniformity. Attempt to define income in such a manner as to cover every conceivable case, and you will be confronted by quite a task. Certain it is that the writer has not yet found a definition covering "income," in all of the varied meanings which that word has in every-day usage.

At this time, it is not desired to discuss the exact rulings of courts on the subject. They vary, for the most part, on the various conceptions of income under different circumstances. At any rate, it is unwise to assume that because the courts hold one way as to income in estate cases, they will hold the same way in dividend cases.

Analogy, in argumentation, is a dangerous expedient. A clever opponent can nearly always find a flaw in an analogy. Even more dangerous is the use of analogy in law. Only by constant study of legal principles, without attempts at short-cuts through analogy, can the student lay a safe foundation.

EVENING CLASSES

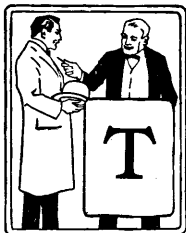
are now forming in—

Accountancy and Business Administration
Shorter Course in Accounting for Women
English

Send for descriptive folders.

Pace Institute

Hudson Terminal, 30 Church Street, New York



HIS Department does not publish answers to all of the questions received, but only to those which we deem to be of general interest to our readers. A communication, in order to receive attention, must contain the name and the address of the person asking the question.

The PACE STUDENT

May, 1919

face value of old certificates would be entitled to the same dividend as the holder of \$100 par value of the new certificates. Entry should be passed on the books—

SURPLUS \$2,000

To RESERVE FOR DIVIDENDS. \$2,000

To set up dividends declared as follows: (insert dates of declaration and rate of each dividend.) Dividends in accordance with the above have heretofore been paid only on new stock certificates. This entry is passed to set up liability to holders of old certificates.

When the dividends are paid, entry will be passed—

RESERVE FOR DIVIDENDS..... \$xx

To CASH \$xx

For payment of dividends as follows: (list details.)

Probably the best thing to do would be to notify the holders of the old certificates that the dividends are available for them, and to request them to turn in their old certificates for cancellation and issuance of new certificates; or else to send the dividend checks out and notify the certificate holders of the sending of the checks.

IN connection with the dividends mentioned **Q** above, if the holders of the certificates are entitled to dividends, does the Statute of Limitations run against their claims?

The Statute of Limitations starts to run only **A** after a cause of action has accrued. It is not a stockholder's duty to ascertain from the corporation when dividends were declared; it is the duty of the corporation to notify the stockholders. If the stockholders receive no notification of the dividend, their claims are not affected by the Statute of Limitations.

WE have an arrangement with our sales- **Q** men to pay them commissions. This commission may be drawn by them in cash after we have collected from the customers. In connection with the preparation of our annual Statement of Profit and Loss and Balance Sheet, the question has come up as to whether we should give consideration to the commissions on sales made, but not yet collected for from customers. Your valued opinion on this subject will be taken as conclusive.

It is presumed that Accounts Receivable are **A** charged and Sales Accounts receive credit for a sale when made, even though not paid for at the time. It is logical, therefore, that commissions applying against such sales should also be taken into the accounts. The commission is a liability,

Decrease of Capital Stock **Q** OUR organization had a capital stock of \$500,000. This amount was later reduced to \$100,000 by the unanimous vote of all of the stockholders present at a meeting duly called for that purpose. Each stockholder, according to the resolution passed, was required to surrender his old certificate and to receive in exchange a new certificate of a par value of one-fifth of his former holdings. This was apparently done with a view of eliminating considerable water. Certificates representing \$25,000 of the old capital stock have never been turned in for cancellation. How should this \$25,000 be shown on the Balance Sheet? Should it be shown at \$25,000 or at \$5,000?

A Presuming that all the legal formalities in connection with the reduction of the authorized capital stock were complied with, and that the holders of the \$25,000 had been notified of the meeting, etc., they are bound by the action taken. So far as the company is concerned, therefore, their holdings are only \$5,000 par value. The item may be shown on the Balance Sheet as follows:

Capital Stock:

Old certificates (\$25,000 face value)	\$5,000
New certificates	75,000

Total outstanding capital stock	<u>\$100,000</u>
---------------------------------	------------------

Q **I**N connection with the above capital stock, dividends were declared from 1906 to 1914, amounting in all to 40 per cent. One of the holders of the old certificates has recently turned in his certificate for cancellation and for issuance of a new certificate. I find that dividends were paid only on the new certificates. Are the holders of the old certificates entitled to dividends? If so, what procedure should be gone through to pay them?

A All holders of any class of capital stock must be treated alike in a dividend declaration. Assuming that there was no preference given to either the old or new certificates, then the holders of the old certificates are entitled to the same dividends a unit of par value as the holders of the new certificates—that is, a holder of \$500

Question even though it is not yet due. Ordinarily, accounts payable not due are set up on the books as liabilities, and the same treatment should be

Answer given commissions earned by salesmen, but not yet due. The difference between accounts payable and these accrued commissions is the fact that the due date of the accounts payable can be definitely ascertained, while the due date of the commissions is contingent upon collection from the customers. The proper entry would be—

COMMISSIONS (expense)	\$xx
To ACCRUED COMMISSIONS (liability)	\$xx

To set up on the books commissions earned by salesmen, not yet paid for.

When these accrued commissions are paid in the following accounting period, Cash will be credited and Accrued Commissions charged. If any accounts receivable are charged off, such as allowances, bad debts, etc., Accrued Commissions Account will be charged and Profit and Loss Account will be credited.

Q I AM experiencing considerable difficulty in keeping track of the salesmen's commissions mentioned above. Can you suggest a simple method?

A If there are not too many salesmen, you might have a column in the sales book for each one. Extend to his column the amount of each sale on which each man is entitled to commission. At the month end, foot this column, ascertain the commission due and pass a Journal entry as follows:

COMMISSIONS	\$xx
To A. B. ACCRUED COMMISSIONS	\$xx

To set up accrual of commissions on sales made during the month per sales book folio...

As the sales are collected for from the customer, the date of collection can be stamped opposite the item in the salesman's column in the sales book. At the month end, a summary can be drawn off of the items so stamped, commissions on these items can be figured, and a Journal entry can be passed as follows:

A. B. ACCRUED COMMISSIONS	\$xx
To A. B. COMMISSIONS PAYABLE	\$xx

To transfer commissions on sales collected for to latter account.

When the salesman draws his commission, the entry will be—

A. B. COMMISSIONS PAYABLE	\$xx
To CASH	\$xx

To pay commissions due.

The Accrued Commissions Account will represent the amount accrued to the salesman on sales not collected for, and the Commissions

Payable Account will represent the amount due him and subject to his draft.

An alternative method would be to make a duplicate copy of the bill and to put it in a file for the salesman. At the month end, a list can be drawn off of the total bills placed in the file during the month, the commission can be calculated and Journalized as in the preceding instance. When sales are collected for, the bill can be removed from the file to a new file. At the month end, a list of bills placed in this new file can be drawn off, the commission calculated, and entry passed similar to the second entry already mentioned. When the salesman draws his commission, the bills can be removed from the second file, a list of them can be prepared, and the bills filed permanently. The first file will then show details of commissions earned but not due, the second file will show details of commissions payable, and the third file will show details of commissions paid.

Q IN a set of books in which a sales book and Sales Ledger are used, how can a sale of merchandise be treated when an accepted draft for the amount is given by the purchaser?

A The sale, when made, should preferably be entered in the sales book and posted in the usual course in the General Ledger as a charge to Accounts Receivable and a credit to Sales Account. The customer's account in the Sales Ledger will also be charged. When the customer accepts the draft, entry should be passed on the books debiting Bills or Drafts Receivable and crediting Accounts Receivable. In other words, the draft should be treated as a promissory note.

Q IN preparing a Balance Sheet for our company, which receives goods on consignment, how should undistributed charges against consignments be treated?

A On the books of a commission merchant, any advances made against consignments from other people are really accounts receivable. Apparently, you debited an undistributed charges account and credited Cash when you paid the money. You should analyze the Undistributed Charges Account, and transfer the items from this account to specific accounts with the consignors. In the event that you can not at this time analyze the account, carry it to the Balance Sheet as an asset under an appropriate caption, such as Undistributed Consignment Charges.



SINCE the beginnings of industry, the relations between labor and capital have furnished themes for all sorts of discussions to those interested in economic thought. Many hypotheses and

The PACE STUDENT

May, 1919

Labor and Capital conclusions, none of them representing the complete truth of the matter, have been advanced from time to time and given wide currency. The cause of capital has been ably defended, and so has the cause of labor; but out of this discussion, which has spread over many generations, much misunderstanding and bitterness have come. The essentials of the problem to be settled—which has always, of course, been the problem of how to bring about a coöperative understanding between capital and labor—have been either ignored or obscured by a mass of superficial issues.

It is only within the past ten or fifteen years that capital, as an economic unit, has come to take an appreciative attitude toward labor and shown a willingness to enter into a partnership relation with labor; likewise, it is only within the past decade or so that labor, as an economic unit, has shown a disposition to recognize the rights and responsibilities of capital in contributing to the industrial and economic development of society. At the time when the war broke out, the relations between capital and labor, at least in this country, were more amicable than ever before, and many signs pointed toward the development of still greater coöperative understanding. The war, however, has engendered industrial unrest everywhere, throughout our own country as well as abroad. Capital reflects this unrest, in that it is hesitant and timid about venturing upon policies of development and expansion. Labor reflects this unrest, in that it, in many instances, refuses to face conditions as they are, and insists upon the maintenance of the present abnormally high wage scales regardless of the operations of the law of supply and demand and regardless of the rights of capital.

Two warning notes need to be sounded—one to capital and one to labor. As for capital, let it unloose its purse strings just as soon as pos-

sible and enter upon the development and the creation of new economic values wherever governmental policies have become stabilized,

not only in order that society as a whole may be benefited, but also in order that labor may have a chance to use its organized power and skill for the common good. As for labor, let it rid itself of its selfish suspicion of capital and its narrow-visioned insistence upon what it regards as its own interests to the utter exclusion of the interests of capital and society. We want no Bourbon conception of the sanctity of capital, and no Bolshevik conception of the sanctity of labor. The needs of the time require that capital and labor get together and work together in the spirit of sensible understanding and advantageous concord.

THE PACE STUDENT

A Magazine of Service

*Interpreting
the Purpose, Spirit, and Needs
of Modern Business*

Published Monthly

*Subscription Price \$1.50
a Year, Payable in Advance*

PACE & PACE, Publishers

30 Church Street

New York

Copyright, 1919, by Pace & Pace

“Opportunity” in her various guises and disguises; and thither, from small city, town, and hamlet, flocked the ambitious youth of the land, only to find out after bitter experience that for every prize of position there were hundreds of eager claimants. It was found that Organized Business, while needing and seeking men and women capable of assuming weighty responsibilities, in reality had nothing better to offer—if indeed it offered anything—to the thousands of clamoring position-seekers than routine jobs which bade fair to remain routine in character year after year. Such being the fact, it is not strange that many men and women of considerable—and in some cases, of exceptional—potential ability were lost in the shuffle, and failed to win recognition or even notice. There were too many of them, just as there are to-day in every one of our great metropolitan centers.

Where Opportunity Begins

IT is many years since Horace Greeley counseled success-seeking young men to “go West.” One of the ideas which the famous editor doubtless had in mind was that the young men of his day had a better chance to achieve fame and fortune by growing up with an undeveloped country than by taking their chances in a large community filled with hundreds of others who, like themselves, were trying to force open the door of opportunity.

Then the slogan changed. We heard much about the big city as being the natural habitat of “Opportunity”

And now, from one of the great bankers of the country, himself a small-town boy, comes the counsel that the young man who wishes to rise to the top as a business executive should either go from the big city to a smaller community, or, better still, remain in the latter, and make his mark there as a man of vision and executive power. In this way, in this banker's opinion, he will be in a position to win notice on the part of the big men, who, in turn, will give him the big opportunities that his demonstrated ability seems to warrant.

Giving Credit

JUST because you are an executive with some power, don't feel that you must think and answer "No" to every suggestion that involves a variation from your cut-and-dried system of procedure. Human beings are not automata; their activities can be systematized and standardized about so far and no farther. You must give your subordinates some slackness of tether—a little room in which to express their individualities. If you don't, your elaborate office machinery will creak and rust and finally collapse of its own weight. You are interested in the quantity and quality of output, of course; so are your subordinates, if they are worth their salt. Give them a chance to show and to develop their interest by saying "Yes" now and then to their suggestions. They will cooperate with you all the more for giving the impression that you are open-minded and welcome constructive ideas. No one man knows it all, or ever did, and you are no exception, Mr. Executive.

Mental Alertness

WHITHER is your mind drifting? What are the things which you read and hear that make the most lasting impression on your mind? Are they the things that merely tickle your fancy or appeal to your sense of humor, or are they the things that make you reflect, ponder, and think? To keep your mind active and supple, you must exercise it just as you do your bodily muscles; otherwise, flabbiness and atrophy will set in, and when you feel the need of summoning the aid of all your mental faculties, you will find, much to your chagrin, that you have few mental faculties worth summoning.

To change the figure a little, the direction in which your mind is drifting depends upon what you feed it on. What do you read? What are your recreations? How much systematic studying are you doing? What personal goals have you set for attainment? If you will answer these and similar questions honestly, you can tell at once whether your mind is drifting or being directed. Which is it?

The PACE STUDENT

May, 1919

THE thrift movement is apparently growing, instead of slackening, as a result of the armistice, be it said to our credit. It is said that

Thrift

within one week—and that particular week only a short time ago—one hundred and eighty new Thrift and War Savings societies were organized in Greater New York, making a total of about five thousand such societies which are actively carrying on their good work in the five boroughs. When we think of the thousands of men, women, and children throughout the country whose economic condition has been incalculably strengthened as a result of the habit of thrift, it is easy to imagine how profoundly our national attitude toward life and its values is being transformed.

This nation-wide understanding of the value of thrift and the practice of thrift are proving to be the most salutary by-product of the war, so far as our American citizenry—all classes of it—are concerned. We have always been a Nation of earners; and while our wealth has been unevenly and, in many strata of the body politic, unfairly distributed, we have, nevertheless, had the opportunity to work so steadily and earn money so freely that we have thought of the dollar as something to be got rid of as soon as it came into our possession. As individual citizens, we have given little thought to the necessity of making provision for old age, and practically no thought to accumulating capital for the purpose of enabling us to participate personally in the economic and industrial development of our country. The result has been an inflated concentration of wealth in the hands of those whom we like to call a "favored few," though the truth of the matter is that this concentration is at least partly due to the average citizen's tendency to spend all he earns on the comforts, pleasures, and luxuries offered by his immediate environment.

The war has awakened us to the fallacy and futility of all this sort of thing. We have come to see that a spendthrift is a fool, that a thrifty man is not necessarily a stingy man, and that saving makes for independence and self-respect and good citizenship. Therefore, let us keep on with our Thrift and War Savings Stamps—keep on perpetuating and organizing all kinds of sensibly conceived savings societies, especially those that afford the opportunity for investment in the resources of our country; for the man or the woman who has a direct, financial stake in these United States of America is pretty apt to believe in the principles and procedures of our government, and to evidence that belief in thought, word, and deed.



NE of the difficult things for a beginning student to understand is the finding of average due dates. You think you have it until some new phase bobs up which convinces you that you have not thoroughly mastered the subject.

The use of the average due date is probably most frequent in the case of factors. Nevertheless, the public accountant as well as the business executive is surprised at the number of occasions on which the principle may be used. In fact, the principle underlying the finding of an average due date is the one which is the key to solving many intricate accounting problems.

Of all the possible classes of propositions in accounting, it would seem that the one class most found in C.P.A. examinations involves this principle. If you will look over the C.P.A. examinations for the state of New York for the past several years, you will be surprised at the number of problems involving this principle. No doubt the examiners look upon the principle as one of the important ones in the mental equipment of an accountant.

As a definition of the average due date, I might suggest that it is a date when, if settlement were made between parties in respect to current transactions, no interest would be due from either party to the other party. If it is desired to find the principal of a note to be given on a date named, the average due date may be first ascertained, and the interest at the agreed rate from that due date to the date of the note computed, which amount added to the balance due will give the desired result. Such is the point involved in the following proposition, given in the final examination of the Pace Standardized Course for June, 1918:

PROPOSITION

The following represents items in the account of James Farley as they appear on the books of William Baker, factor:

1918		Dr.	Cr.
Jan. 2	Acct. Sales		\$6,000
" 8	" "		8,500
" 10	Cash	\$3,500	
" 14	Acct. Sales		2,000
" 16	30-day note of X	4,000	
" 18	Acct. Sales		3,000
" 23	30-day note of Y	4,800	
" 28	Cash	2,500	

The notes of X and Y represent promissory notes forwarded by Mr. Baker to Mr. Farley, neither of which bears interest.

The PACE STUDENT

May, 1919

On the basis of 6 per cent. interest and the 60-day method of computing interest, you are asked to compute the amount of principal for a note to be given by Baker to Farley on January 31st, having in mind the respective rights of the parties as to the use of money. Show calculations.

SOLUTION

The variation in this problem is that concerning the notes. Neither of these bears interest, so that the date they are due is the number of days they run from the day given.

The procedure is to select what is known as a focal date. This focal date may be presumed to be a date as to which the right of parties in the use of money is ascertained. Thus the date may be taken before the date of any of the items in the account, in which event it would be found how many days' interest the debtor would be entitled to if payment had been made in advance on that date. Or the date may be taken after the date of any of the items in the account, in which event there would be found the number of days' interest to which the creditor would be entitled if payment were made on that date. Counting backward or forward from these dates, the average due date is ascertained. In the following solution, a date is taken after the date of the items in the account, and a date is taken before the date of any of the items in the account. In addition, the percentage method of computation is shown.

Focal Date February 28th:

Amount		Days		Products	
\$6,000	×	57	=	342,000	
8,500	×	51	=	433,500	
2,000	×	45	=	90,000	
3,000	×	41	=	123,000	
					988,500
3,500	×	49	=	171,500	
4,000	×	13	=	52,000	
4,800	×	6	=	28,800	
2,500	×	31	=	77,500	
					329,800
					658,700

$$\frac{658,700}{4,700} = 140 \text{ days}$$

140 days less 28 days (days between Jan. 31st and Feb. 28th) = 112 days.

Focal Date January 1st:

Amount		Days		Products	
\$3,500	×	9	=	31,500	
4,000	×	45	=	180,000	
4,800	×	52	=	249,600	
2,500	×	27	=	67,500	
					528,600

6,000	×	1	=	6,000
8,500	×	7	=	59,500
2,000	×	13	=	26,000
3,000	×	17	=	51,000
				<u>142,500</u>
				<u>386,100</u>

$$\frac{386,100}{4,700} = 82 \text{ days}$$

82 days plus 30 days (days between Jan. 1st and Jan. 31st) = 112 days

6 per cent. of 4,700		
for 60 days.....	\$47.00	\$4,700.00
6 per cent. of 4,700		
for 52 days.....	40.73	87.73
	<u>\$87.73</u>	<u>\$4,787.73</u> principal of note

INTEREST METHOD

Interest at 1 per cent. a month from focal date, January 1st:

Amount	Days	Interest	
\$3,500	9	=	\$10.50
4,000	45	=	60.00
4,800	52	=	83.20
2,500	27	=	22.50
			<u>\$176.20</u>
6,000	1	=	\$2.00
8,500	7	=	19.83
2,000	13	=	8.67
3,000	17	=	17.00
			<u>47.50</u>
			<u>\$128.70</u>

\$19,500 1 per cent. of \$4,700 = \$47.00

$$\frac{14,800}{\$4,700} = \frac{47.00}{30} = 1.566$$

$$\frac{128.70}{1.566} = 82 \text{ days}$$

Then proceed as before.

There being two sides to the account, the respective rights of the parties as to each side are ascertained. The excess products in favor of one party are found, which excess measures the right of that party to the use of a dollar for a number of days of the equivalent amount. Thus, in the first illustration, the excess products were 658,700, which showed the right of the party to the use of a dollar for that number of days. This divided by the amount owing, gives the number of days before the focal date to which the party was entitled to the use of the money on the balance.

Charting Accounts

ONE of the simplest ways of presenting accounting facts to the public is through the use of charts. Newspapers and other periodicals contain many examples of efforts to bring accounting facts out through the medium of charts.

Probably the most recent of these was in connection with the Governmental investigation of the packers. One of the packers advertised extensively by using a dollar divided up into parts, each part representing a cost or expense, with a small shaded part to represent profit. In this way, the public was informed as to how each dollar was utilized that was expended for meats or other packing-house products.

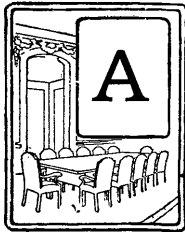
The same expedient was adopted by many street-car companies. War conditions made it imperative that they raise their fares. To create an opinion favorable to the change, they advertised extensively. Their advertisements sometimes contained the picture of a nickel divided up into the various costs of operation.

In these ways, significant accounting facts were simplified for the public mind. Quite often in advertising the same expedients are used. The thing manufactured may be divided up into parts representing the different costs. Sometimes the idea is to show that the public is given an advantage of the so-called "middle man's" profit. This is simply another use of accounting facts in advertising.

Automobile companies recently advertised in this way. There was a tendency upon the part of some companies to lower the prices after the war. Other companies boldly stated in their advertisements that their prices would not be lowered, because they were based upon costs still existing, and in some instances used graphs to enforce their argument. The general trend of these arguments seemed to be that they had maintained their prices in accordance with their costs throughout the war, that they had not taken advantage of the war to inflate them, and that since the prices were based on costs, it was not practical to reduce them.

The management of large corporations used the graph expedient to popularize the presentation of accounting facts to their stockholders. If you take up the annual report of a large railroad corporation, you will find it will contain many charts illustrative of various accounting facts.

In view of the wide use that the popularizing of accounting facts may have, it is advisable for the accountant to give serious consideration to possible charts. An executive will find that charts may serve a useful purpose with respect to directors or stockholders, or perhaps the public. A public accountant quite frequently finds that the effectiveness of a report may be enhanced by the use of charts. Always the idea should be kept in mind that a chart, to be effective, must be in a simple form, which is already in the minds of the people to be reached.



SERIOUS fault to be found with much business writing is that the thought is likely to be confused, jumbled, and incoherent. This lack of straight thinking is often

apparent in business letters, which, so far as expression is concerned, may be grammatically correct and rhetorically well worded. Even so, such letters fail to impress the minds of the readers because the content of the letters is not presented in an orderly, point-by-point fashion.

A helpful suggestion that occurs in this connection is that you make an outline, in phrase or word form, of what you intend to say before you begin to say it. This outline may be written or merely mental. Then, after you have settled the points you intend to cover, you should treat them in a logical order of some kind—chronological, cause and effect, general presentation and concrete illustration, and the like. And cover each point fully before you pass on to the next—let there be no resemblance to the freight-yard activities of a switch engine.

The following groups of letters illustrate what is meant by both coherent and incoherent thinking:

(Incoherent) The Blank Company, about which you inquire in your letter of May 1st, has a large volume of business, and, although the firm does not make a statement for publication, we believe they have a large capital investment and also good earning capacity. The name is considered one of the best on the market, and sells very freely. The firm is one of the leading department stores in the city where it is located. The firm has been a good customer of ours for some time, and we regard them very highly, and we have loaned them two hundred thousand dollars in the past. They are not in debt to us at the present time, and we should be willing to grant them a larger line of accommodation than we have done heretofore. Their standing, both with the banks and in the trade, is very good. We believe that the purchase of their paper is a legitimate banking risk.

PRELIMINARY OUTLINE

1. Nature of the business.
2. General reputation and financial standing.

The PACE STUDENT

May, 1919

3. Our credit relations with the firm.
4. Conclusion in relation to inquiry.

(Cohere
nt) The Blank Company, about which you inquire in your letter of May 1st, is one of the leading department stores in Blankville, New York.

The commercial standing of the firm, both with the banks and in the trade, is very good. The firm does a large volume of business; and, although it does not prepare a statement for publication, we believe it has a large capital investment and also good earning capacity. The name of the firm is considered to be one of the best on the market, and sells freely.

The firm has been a customer of ours for some time, and we hold it in so high regard that we have in the past granted it loans aggregating two hundred thousand dollars. Moreover, in view of our satisfactory business relations, we should have no hesitancy in granting it an even larger line of credit accommodation than we have done heretofore. The firm is not in debt to us at the present time.

We therefore believe that you would be amply justified in purchasing the notes of this firm as a legitimate banking risk.

(Incoherent) Any official of our institution, The Traders' National Bank, will be pleased to show you one of our Budget Cheque-Books. If you do not find it convenient to call, telephone us (Dawson 185) or return the enclosed reply card, and we shall be glad to send you a Budget Cheque-Book for examination at your home or office.

The Budget Cheque system is a saver of time and money for all concerned, and you are cordially invited to avail yourself of its advantages. As the stub of a Budget Cheque shows at a glance the amount and distribution of all your payments, it is of special value as a monthly expense account. This method saves you not only time and labor, but also most of the usual postage expense.

We pay a royalty on the patented Budget Cheque, which necessitates our charging an initial fee of one dollar to every user of this new service—a fee which the depositor pays only once, no matter how many

cheque-books he may use. The saving to you on the first four or five Budget Cheques used fully repays this expense. The Budget Cheque does away with the necessity for drawing twenty checks to pay twenty bills, for filling in twenty stubs, for carrying forward twenty balances, and for addressing, sealing, and stamping twenty envelopes.

We believe that this description of our unique banking service, which eliminates a great deal of "red tape" for our depositors, in the payment of monthly bills, will arouse your immediate interest. We therefore hope that you will give us an early opportunity to explain its advantages.

The Budget Cheque pays any number of bills up to thirty. You simply list the amount of each bill opposite the number of the firm to which it is due, total the one column, and mail the Budget Cheque to us. We distribute the payments and return the canceled cheque to you as a complete receipt.

PRELIMINARY OUTLINE

1. Attention-getting introduction.
2. Explanation of the Budget Cheque System.
3. Cost and results of its use.
4. Request for action.

(Cohere
nt) Get rid of the annoying "red tape" in paying your monthly bills. We have worked out a simple plan which will enable you, as one of our depositors, to do this very thing to your marked advantage.

The Budget Cheque System is the name of this useful banking service which we now make available to our depositors. The Budget Cheque pays any number of bills up to thirty, and thus relieves you of the necessity for drawing twenty cheques to pay twenty bills, for filling in twenty stubs, for carrying forward twenty balances, and for addressing, sealing, and stamping twenty envelopes. You simply list the amount of each bill opposite the name of the firm to which it is due, total the one column, and mail the Budget Cheque to us. We distribute the payments and return the canceled cheque to you as a complete receipt.

This Budget Cheque System saves you not only much time and labor, but also most of the usual postage expense. We pay a royalty on this system, and, for that reason, we are compelled to charge an initial fee of one dollar to every user of this new service—a fee which the de-

positor pays only once, no matter how many cheque-books he may use. The saving to you on the first four or five Budget Cheques used fully repays this expense.

Any official of our bank will be pleased to show you one of our Budget Cheque-Books and explain its use. If you do not find it convenient to call, telephone us (Dawson 185) or return the enclosed reply card, and we shall be glad to send you a Budget Cheque-Book for examination at your home or office.

The letters incorporated in this article illustrate the principle to be enforced—that straight thinking, coherent thinking, is greatly aided by the use of mental or written outlines. Therefore, when you next have occasion to write a letter which covers a subject that naturally falls into subdivisions, formulate and follow an outline. The result will be that your letter, whatever its defects, will exemplify the most important of all merits—straightforward, coherent thinking.

Choosing Executives

RECIPES for executive success, given by men who have achieved it, are always read with avidity. I have read many within the last few months, and I have been struck by the unanimity of opinion among these great industrial leaders as to two fundamental qualities that they always look for in employees as signs of potential executive ability. These are, the ability to make decisions, and the ability to assume responsibility.

I do not mean that these super-sede in any way such old, homely virtues as honesty, loyalty, willingness, and the like. These must be possessed by every man who would attain even a modicum of success. A man must have these in order to hold his position. But the man that executives notice and watch is the man who is not overcome by responsibility, and the man who can decide things on his own initiative.

Charles Piez, formerly vice-president of the Emergency Fleet Corporation, is a strong believer in decision-making as the sign of the potential executive. Mr. Piez is the head of one of the country's largest corporations, and his words have weight. He says that, naturally, a man's decision may be often wrong, but he prefers the man who thinks a thing through to the best of his ability and knowledge and then decides on his course of action, even though in the end it should prove to be wrong, to the man who, through

The PACE STUDENT May, 1919

fear of consequences, is deterred from making any decision, or who, having once made his decision, is constantly changing his mind.

Potential executives must be ready to assume responsibility, and must be able to carry it after it has been assumed. They must not be easily turned aside after making a decision. They must be able, as one great industrial leader has expressed it, "To stand straight on their own feet and take what comes."

The deductions to be drawn from this are obvious. If we know what our executive superiors are looking for when they choose men for responsible positions, it ought not to be hard to see to it that we possess, or else develop, some of the qualities which they seek.

S. LINDMARK, a Semester A student at Pace Institute, New York, has moved to the Middle West, where he will represent The Sinclair Navigation Company, of New York.

BERNHARD P. ROSENBERG, a student at Pace Institute, New York, recently died from the influenza. His parents have the profound sympathy of his former teachers and associates.

W. E. MORSE, a student at Pace Institute, New York, recently died from pneumonia following an attack of influenza. The executives and the former associates of Mr. Morse at Pace Institute wish to express their heartfelt sympathy to his bereaved parents.

WILLIAM G. SNAVELY, a student in Semester B, Pace Institute, New York, recently died from uric acid poisoning. Mr. Snavely was a teacher in the mathematical department of The De Witt Clinton High School, New York. His death comes as a great shock to a wide circle of friends.

A. GEORGE BAINES, C.P.A. (N.J.), a graduate of Pace Institute, New York, 1916, announces the formation of a partnership for the professional practice of Accountancy under the firm name of Baines, Bennett & Bennett. Mr. Baines was formerly on the technical staff of Touche, Niven & Co., certified public accountants, New York.

and his persistent habit of study, should have qualified himself for so important a business post.

Mr. Hanf was born in New York City forty years ago. After graduating from public school, he attended St. Francis Xavier High School and College for four years. Then he took a scientific course at Cooper Union for a year. This he supplemented with a year at Hope Commercial School, New York. He then graduated from The New York Institute of Accountancy (Pace Courses), completing all the work required and receiving his certificate of graduation. A little later he took courses in selling and credits elsewhere. And right now, during his evening hours, he is studying shipbuilding, constructive and mechanical drawing, and the reading of blueprints at Newburgh Academy.

Mr. Hanf has, of course, supplemented his studying with practical experience. From 1897 till 1900, he was the assistant office manager for Alexander P. Bell, who was the New York selling agent for several textile mills. From 1900 till 1904, he was the assistant sales manager for the Saxonia Mills in New York. From 1904 till 1911, he was general manager for R. E. Byram, textile mill agent.

Mr. Hanf then left the textile business, and from 1911 till 1917 was connected with the State Department of Health, first as manager of the cold storage division, and later as an inspector. This position he resigned in order to become resident auditor of the Newburgh Shipyards.

There are several reasons, of course, for Mr. Hanf's advancement in business, but perhaps the reason that stands out most conspicuously is that from boyhood he has been an eager, persistent student of the principles and processes of business as a science. He has won membership in that select group of men who are in economic demand because they know whereof they speak.

EARL KEEGAN, Pace Institute, has secured his release from the U. S. Navy and is now connected with the Globe Indemnity Company as cashier.

S. F. LEVY, Semester B, Pace Institute, Washington, has recently been appointed an auditor in the Income Tax Unit of the Internal Revenue Bureau. Mr. Levy was formerly in the employ of the Wilkins-Rogers Milling Company, Washington, as bookkeeper.

Biographical
Snap Shots
(Continued)

**New-Era
Organiza-
tion**
(Continued)

him happy in his own relationship in the organization.

When you have looked your organization over, and have the jobs defined, and your people selected and studied, there is still another important thing to be done. The people under you must be brought into the spirit of the organization. In all my organization work, my first duty is to organize and use the good opinion, the ability that I find in the employees. Wherever possible I lay hold of the thing that the individual has, even before planning for increasing his ability. In this way, the workers are organized into a real work unit, and individuals are estopped from antagonizing the work procedures. The individual's own ideas are taken and coordinated with the ideas of other individuals, and credit is given for the ideas taken.

The old method of organizing was to work out a fine-spun plan, with charts and diagrams, as a matter of private study. The plan was then imposed, and employees were told, "Do it this way." The procedure usually failed, because the developed ideas of the people in the organization were not incorporated in the plan. If I were running a business in which the ideas of the employees were not brought into full use, the first thing I should do would be to change that policy. I should bring in and formulate and crystallize the ideas of my associates and employees.

In the new era, we must find a way to modify, to the advantage of the worker, the dead level of a fixed wage. I think one of the most effective ways of overcoming this whole wave of labor unrest is to work out some practicable method of participation on the part of the individual in the profit return. No one yet has the full solution to the problem, but among us, it must be worked out in the new era of which we are speaking.

To summarize, we have organization positions to study and define, and we have our personnel to study and develop. Then we must consider bringing in and formulating into procedures the knowledge and worth-while ideas of the personnel. Finally, we must bear in mind that we can't do it all by talking, or by merely giving employees participation in work procedures without any participation in the results that come from these improved work procedures. We must work out some practicable plan by means of which the personnel may have a reasonable participation in return.

The PACE STUDENT

May, 1919

It is along these lines that we must move. My thought to-day, the chief thought that I wish to leave with you, is simply this: That we have gone about as far as we are likely to in the development of equipment and methods. It may be that in your particular business you can still improve your equipment, but there is little in the way of new ideas in equipment to be hoped for in the next eight, ten, or fifteen years. You can also probably do a great deal in the improvement of your methods, but your work will not be so much in devising new methods as in installing those which have already been thought out. But in the matter of personnel, your field is new; it is a place where you will very largely have to do the constructive thinking which is a necessary prerequisite to action in respect to personnel.

Finally, I predict that the concerns who move best through the early years of the new era will be those concerns that now give constructive thought to the problems of interesting, of holding, of developing, and of selecting personnel. Proper consideration of these problems will safeguard the business enterprise and reestablish our industries, and will carry us once more into a great era of production and prosperity.

THOMAS H. HOLBOROW, a student at Pace Institute, New York, recently passed away after a short illness from pneumonia. His parents have the deepest sympathy of Pace Institute.

JOSEPH V. O'CONNOR, Pace Institute, formerly with the American Can Company, has accepted a position as bookkeeper with the Commercial Acetylene Supply Company, New York City.

EDWARD F. HOLSTEN, Pace Institute, has resigned his position with the Aetna Refining Company to join the staff of Scott & Boschert Company, certified public accountants, Pittsburgh, Pa.

ALFRED HARTILL, Pace Institute, a former member of the staff of Price, Waterhouse & Company, public accountants, has accepted a position as bookkeeper with the United States Food Administration, New York City.

Cleveland Banquet
THE Ninth Annual Banquet of the Cleveland School of Accountancy (Pace Courses) was held recently at the Chamber of Commerce Club, Cleveland. After an appetizing menu, the diners—nearly all Pace students and graduates—listened to an interesting talk by Dr. R. E. Skeel, surgeon with the Medical Department of the American Expeditionary Forces in France, on his overseas observations and experience. Miss Grace Gallagher sang several soprano selections most acceptably. B. J. Guthery, of the Accountancy Faculty, was a happy choice as toastmaster.

Pace Course in Trenton
IN response to an insistent local demand for training in Accountancy, the Rider-Moore & Stewart School of Finance, Accounts, and Banking, Trenton, N. J., recently organized a class in the Pace Standardized Courses of Accountancy and Business Administration.

A large audience attended the introductory lecture, which was given by Harvey M. Kelley, A.M., Pace Institute, New York. In addition, Mr. William Mitchell, traveling auditor of the state of New Jersey, and Mr. William Compton, the only certified public accountant in Trenton, spoke at the meeting and emphasized the value of Accountancy in business. These young men were trained for their present work in the Pace Course at the Rider-Moore & Stewart School.

Membership in the class was limited in order to insure individual attention to each member. A few days after the lecture, the class was so large that it had to be closed to additional enrolments. The apparent interest in Accountancy had been crystallized into the formation of the largest class in Accountancy the school has ever organized.

The resident instructor in Accounting is Mr. A. R. James. The Law is taught by Mr. Godfrey W. Schroth, of the law firm of Backes & Schroth, Trenton. These men are able instructors and will, without doubt, carry on the work successfully.

Dayton Accountancy Club
ON Thursday evening, March 20th, in the banquet hall of the Dayton, Ohio, Y. M. C. A., was held the annual dinner of the Accountancy Club, of Dayton. This Club is composed of the accountants and Accountancy students of Dayton, most of whom have taken the Pace Standardized Course at the Dayton School of Accountancy and

Business Administration, affiliated with the Dayton Y. M. C. A.

A. E. Howland, secretary and treasurer of the Dayton Power and Light Company, acted as presiding officer. He spoke at some length on the history of the Club and on its program for the ensuing year. The other officers of the Club spoke on the different phases of the Club's activity, and the part it is playing in the business life of Dayton. George M. Lattimer, of the New York office of Pace & Pace, delivered a short address on "Education and Present-Day Business."

Dayton is a hustling city, and its Accountancy Club is an "up and doing" organization of young business men. In proportion to its size, it is doubtful if there is another city in the country that contains as many Accountancy students and Accountancy-trained men as does Dayton. Consequently, when Dayton business concerns are looking for treasurers, controllers, auditors, and department heads, they do not find it necessary to look outside their own city. Many of Dayton's younger executives are active members of the Accountancy Club.

The Dayton School of Accountancy and Business Administration has been actively conducting the Pace Courses for the past five years. W. W. Stoner is Educational Director, while the accounting teaching is under the supervision of L. G. Battelle, C.P.A., and his son, Gordon Battelle.

HENRY M. RENNER, JR., Pace Institute, has accepted a position with the Jensen Creamery Manufacturing Company.

H. C. HEYWOOD, Pace Institute, Boston, recently accepted a position as bookkeeper with the A. J. Thompson Company, Boston.

FREDERICK W. KELLER, member of the faculty of Pace Institute, Boston, was successful in passing the last C. P. A. examinations in the state of Massachusetts.

GODFREY L. DUFF, Pace Institute, recently discharged from the United States Navy, has joined the staff of Ashdown St. Clair Company as a junior accountant.

C. A. HOWES, G. M. THOMPSON, and R. A. RAYMOND, Pace Institute, Boston, are now in the employ of the firm of Patterson, Teele, & Dennis, Certified Public Accountants, Boston.

The **PACE STUDENT**

May, 1919

ERICK J. CARLSON, Pace Institute, has secured his release from the United States Navy, and has accepted a position as accountant with Bayer & Company.

EDWARD L. STUMPF, Pace Institute, has resigned his position with the United States Ordnance Department, Amato, New Jersey, to go to the port of debarkation, Hoboken, as an army field clerk.

W. A. POST, formerly employed in the Boston office of Pace & Pace, a student in Semester A of the Accountancy Course, is now in the employ of Waldron H. Rand & Company, certified public accountants.

CLARENCE F. GARLAND, Pace Institute, formerly with the United States Housing Corporation, Washington, D. C., has accepted a position as bookkeeper with the Alkahn Silk Label Company, New York City.

A. H. WALTON, of the United States Naval Reserve Force, inactive list, a student at Pace Institute (Semester A), Washington, D. C., has been ordered to active duty with the American Naval Detachment in Siberia.

GEORGE N. KAPFER, a graduate of Pace Institute, formerly of the staff of Park, Polter & Company, has accepted, through the Pace Agency for Placements, Inc., a position as bookkeeper with the Sheffield Condensed Milk Company, New York City.

WILLIAM H. COMPTON, Pace Extension Course, recently received the degree of C.P.A. from the state of New Jersey. Mr. Compton is now controller of the Monument Pottery Company, Trenton, N. J.; and, in addition, he is the head of an Accountancy practice which is rapidly growing.

MISS M. E. LYNCH, Pace Institute, Boston, who has completed Semesters A and B of the Pace Standardized Course in Accountancy, and who has just begun Semester C (Corporations), has received an appointment in the Bureau of Internal Revenue. She has been assigned to Washington for preliminary training in her new field of work.

PUBLIC speaking, oral expression, business talking, or whatever name you care to call it, has been greatly popularized by the various war activities. Men who always avoided speaking in public through timidity or because they did not feel qualified for the work, have felt impelled to do their part in "four-minute" campaigns, Red Cross drives, and various other activities connected with the raising of war funds.

Many of the best "four-minute" speakers of the past year had never had any experience in addressing groups of people. Through patriotic motives they took up the work, and while their first appearances doubtless gave them a great deal of anxiety, they found that by constantly appearing before audiences and speaking on subjects which they understood and believed in, they were able gradually to rid themselves of that timidity which had always given them so much concern when about to appear in public.

These speakers have discovered a fundamental element in effective oral expression: that you must have something to say, and that if you have, and express yourself simply and directly without any attempt at oratorical effect, you will get your audience to believe what you believe and to act as you wish them to act. When you do this, you are doing all that the greatest orator can expect or hope to do.

Men who have given serious thought to these matters and who realize that the ability to influence others through the medium of the spoken word is one of a man's most valuable assets, are advising young men and young women to secure immediate training in oral expression. The need for men and women who have this training has not lessened in any way with the ending of the war; it will, rather, increase in the great reconstruction period which we are now entering upon.

LEO LOEB, Pace Institute, has accepted a clerical position with the Owners' Transportation Company.

GEORGE KATTENHORN, Pace Institute, formerly with the Talcum Puff Company, has accepted a position as bookkeeper with Steinhardt Bros. & Company.

LEO E. BERTHAUME, Pace Institute, who was formerly with the Civil Service in Brooklyn, has accepted a position as bookkeeper of the Colony Club, New York City.

*Popular-
izing
Public
Speaking*

Accountants must take the soundings; the Post-war era demands *safety* as well as *progress*—both require

- frequent determination of profit and loss results and financial condition
- accurate costs of production, including dependable inventories
- understanding of capital needs, including permanent and working requirements
- knowledge of markets, domestic and foreign; of financing procedures; of compensation and bonus plans; of sound and progressive management

Post-war opportunities loom large for Accountancy-educated men and women—and for years the demand will outrun the supply. Men and women with vision to forecast the opportunities are losing no time in making ready.

Pace & Pace offer Accountancy and Business Administration Courses in Resident Schools and by Extension (through the mails) that afford intensive, accredited training for Post-war responsibilities, opportunities, rewards.

Send for Bulletin and complimentary copy of the informative 36-page booklet, "Your Market Value."

Pace & Pace

WASHINGTON

NEW YORK

BOSTON

1004 F Street, N.W.

Hudson Terminal, 30 Church Street

Tremont Temple